

# City of Detroit



## CITY COUNCIL

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TO: The Honorable City Council

FROM: David Whitaker   
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DATE: April 10, 2006

RE: **INFORMATION REGARDING THE SALVATION ARMY RED SHIELD  
CENTER IN CHICAGO**

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At the Honorable City Council's request, the Research & Analysis Division (RAD) was asked to investigate and report on the Salvation Army project in Chicago, funded by a donation from the Kroc Foundation.

Mrs. Joan Kroc, heiress to the McDonald's fast-food empire, left more than 75% of her estate (\$1.5 billion dollars) to the Salvation Army<sup>1</sup> for construction of nationwide recreation centers. The donation enabled the Salvation Army to build and operate more than two-dozen recreation centers. The funds were divided between the Salvation Army's four U.S. districts to ensure the facilities are scattered across the nation. Site requirements included at least 20 acres<sup>2</sup> near public transportation and in a low-income area. Thirty-nine communities from ten States in the Midwest applied for the grants. The ten qualifying communities are: Aurora, IL; Chicago, IL; Detroit, MI; Duluth, MN; Grand Rapids, MI; Green Bay, WI; Omaha, NE; Quincy, IL; St. Joseph County, IN; and St. Paul, MN.

The Ray and Joan Kroc Corps Community Center is often referred to as the "San Diego model." It was built using an \$87 million dollar<sup>3</sup> donation from the Kroc Foundation and opened on June 19, 2002. The San Diego Center has an extensive aquatic center, gymnasium, ice arena, rock wall, skate park, performing arts center, education center and traditional Salvation Army worship center. Mrs. Kroc specified that the recreation centers built utilizing her donation would be modeled after the San Diego facility. Mrs. Kroc also specified that none of her gift could be used for existing programs or services, or for any administrative costs.

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<sup>1</sup> The Salvation Army is a 139-year old religious organization that provides social services including programs for the poor, elderly and the rehabilitation of substance abusers.

<sup>2</sup> The size of the parcel varies by proposal. Some of the Centers have been constructed on as little as 10 acres.

<sup>3</sup> \$47 million dollars to build and equip the facility and the remaining \$40 million dollars was placed into an endowment to subsidize the operating budget.

The project to build a Salvation Army Red Shield Center<sup>4</sup> (Center) in Chicago was proposed in spring of 2004 after the Chicago chapter of the Salvation Army had received a \$90 million dollar grant to build the Center. The first proposal, to build a 25-acre, \$135 million dollar Center in the 3<sup>rd</sup> Ward, was rejected by the community. The second proposal, to build the Center in the 17<sup>th</sup> Ward was approved and the Center is currently under construction<sup>5</sup>.

The city-owned land in the 17<sup>th</sup> Ward was sold to the Salvation Army for \$1.00 for a 30,000 square foot Red Shield Center. According to the Mayor's Office, 90% of the employees of the Center will be community residents.

In a telephone conversation with Alderman Tillman (3<sup>rd</sup> Ward), she outlined the reasons why the proposal to build a Center in her community was declined. The proposal was for 25-acres of land that was prime real estate, worth approximately \$2 million dollars that was ripe for development. Additionally, the Salvation Army would receive the land for a nominal sum (\$1.00) and would have also received approximately \$3 million dollars in tax credits. She also indicated that the organization only hires internally and is very religious. The Alderman's position was very simple: the proposed site (adjacent to the Robert Taylor Homes) would best serve the community if it were used for economic development such as retail and grocery stores.

It should be noted that research into the Chicago Housing Authority, which oversees the Robert Taylor Homes, demonstrates that significant redevelopment is occurring at the site and will be completed in three phases<sup>6</sup>. Construction will begin on the north end of the site, where demolition has already occurred. The master redevelopment plan includes construction of 2,388 mixed-income rental and homeownership units, community facilities, and new retail space. Approximately 851 of the planned 2,388 units will be public housing replacement units. The Chicago Housing Authority is also adding 251 housing units in the surrounding neighborhood. The City of Chicago is upgrading the sewer system and streets in the area. No plans have been finalized relative to the southern end of the site, but are under formation.

Residents of the 3<sup>rd</sup> Ward of Chicago were not the only people concerned about the impact of a Center in their neighborhood; residents of Brighton Heights in Pennsylvania also expressed concerns. The 7-acre site in Brighton Heights was the best of the 12 local sites evaluated. Community residents expressed concerns regarding the transition of a local park to a recreation center that would draw people from all over the city. In the end, Brighton Heights was the proposed location for the bid submitted by the Salvation Army of Western Pennsylvania, but the application placed 11<sup>th</sup> in the region. Only the first ten<sup>7</sup> were approved for Center funding.

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<sup>4</sup> Salvation Army Red Shield Centers are community centers that provide social service programs, senior activities, recreational facilities, and spiritual programs.

<sup>5</sup> The exterior of the building is complete; construction on the interior is ongoing.

<sup>6</sup> Only one of twenty-eight buildings that comprised Robert Taylor Homes remains standing. The Chicago Housing Authority expects that all residents will be moved out by the end of 2006.

<sup>7</sup> Cities in the Salvation Army's Eastern Region chosen to receive grants include: Ashland, OH; Boston, MA; Camden, NJ; Philadelphia, PA; Staten Island, NY; and Puerto Rico.